

# United States Government Notes to the Financial Statements for the Year Ended September 30, 1998

## Note 1. Summary of Significant Accounting Policies

### A. Reporting Entity

This Financial Report includes the financial status and activities of the executive branch and portions of the legislative and judicial branches of the Government. This includes those Government corporations that are part of the Federal Government. The Appendix lists Government entities included in these financial statements and also contains a partial list of entities excluded. For the purposes of this document, "Government" refers to the U.S. Government. The fiscal year of the Government ends September 30. The financial reporting period is the same used for the annual budget. Material intragovernmental transactions were eliminated in consolidation, except as described in Note 16.

### B. Basis of Accounting

The Financial Report was prepared in accordance with Form and Content guidance specified by the Office of Management and Budget (OMB) and the Statements of Federal Financial Accounting Standards (SFFAS). This basis of accounting generally recognizes expenses when incurred. It recognizes non-exchange revenues on a modified cash basis of accounting. Remittances of non-exchange revenues



are recognized when received; related receivables are recognized when measurable and legally collectible. This basis of accounting also recognizes refunds and related offsets of non-exchange revenues when measurable and legally payable. Exchange revenues are recognized when earned. This basis of accounting differs from that used for budgetary reporting. This fiscal year, four accounting standards became effective pertaining to property, plant and equipment; managerial cost accounting; revenue and other financing sources; and supplementary stewardship reporting.

### C. Revenue Recognition

Government revenue comes from two sources: non-exchange transactions and exchange transactions. Non-exchange revenues arise primarily from exercise of the Government's power to tax and levy duties, fines and penalties. Exchange (earned) revenues arise when a Government entity provides goods and services to the public for a price.

Non-exchange revenue is recognized when received. Total revenue

is reported net of the change in Federal taxes receivable. Refunds and other offsets are recognized when disbursed and netted against non-exchange revenue.

Earned revenue represents revenue earned from user charges such as admission fees to Federal parks, insurance premiums, and fees on Federal housing and loan programs. Earned revenue is recognized when the Government provides the goods or services.

### D. Direct Loans and Loan Guarantees

Direct loans obligated and loan guarantees committed after September 30, 1991, are recorded based on the present value of net cash-flows estimated over the life of the loan or guarantee. Direct loans made prior to October 1, 1991, may be recorded under the present-value method or the allowance-for-loss method. The allowance-for-loss method reduces the outstanding principal by an allowance for uncollectible amounts when it is more likely than not that the loans will not be collected in full. Liabilities related to loan guarantees committed before October 1, 1991, may be recorded under the present-value method or the allowance-for-loss method by the amount the agency estimates will more likely than not require a future cash outflow to pay default claims.

## E. Taxes Receivable

“Taxes receivable” primarily consist of uncollected tax assessments, penalties and interest when taxpayers have agreed the amounts are owed, or a court has determined the assessments are owed. This Financial Report does not include unpaid assessments when neither taxpayers nor a court has agreed that the amounts are owed (compliance assessments) and the Government does not expect further collections due to factors such as the taxpayer’s death, bankruptcy or insolvency (write-offs). Taxes receivable are reported net of an allowance for the estimated portion deemed to be uncollectible.

## F. Inventories and Related Property

“Inventories” are valued at historical cost. Historical cost methods include first-in-first-out, weighted average and moving average. Estimated repair costs reduce the value of inventory held for repair. Excess, obsolete and unserviceable inventories are valued at estimated net realizable values.

## G. Property, Plant and Equipment

“Property, plant and equipment” used in Government operations is carried at cost. Depreciation and amortization expense applies to property, plant and

## H. Retirement Programs

“Pension and retirement health benefit expenses” are recorded during the time employee services are rendered. The related liabilities for defined benefit pension plans and retirement health benefits are recorded at estimated present value of future benefits, less the estimated present value of future normal cost contributions.

“Normal cost” is the portion of the actuarial present value of projected benefits allocated, under the actuarial method, as expense for employee services rendered in the current year. Actuarial gains and losses (and prior and past service cost, if any) are recognized immediately in the year they occur, without amortization.

## I. Environmental Liabilities

“Environmental liabilities” are recorded at the estimated current cost to remediate hazardous waste and environmental contamination, assuming the use of current technology. Remediation consists of removal, treatment and/or safe containment. Where technology does not exist to clean up hazardous waste, only the estimable portion of the liability, typically safe containment, is recorded.

equipment except land, limited duration land rights, heritage assets, national defense assets and construction in progress. It is recognized using the straight-line method over the assets’ estimated useful lives.

The Government Management Reform Act does not require the legislative and judicial branches to report their financial information to Treasury. Therefore, this Financial Report does not include most property, plant

## J. Contingencies

Liabilities for contingencies are recognized on the Balance Sheet when both:

- A past transaction or event has occurred.
- A future outflow or other sacrifice of resources is probable and measurable.

The estimated contingent liability may be a specific amount or a range of amounts. If some amount within the range is a better estimate than any other amount within the range, then that amount is recognized. If no amount within the range is a better estimate than any other amount, then the minimum amount in the range is recognized.

Contingent liabilities that do not meet the above criteria for recognition, but for which there is at least a reasonable possibility that a loss has been incurred, are disclosed in Note 15—Commitments and Contingencies.

## K. Social Insurance

A liability for social insurance programs (Social Security, Medicare, railroad retirement, black lung and unemployment) is recognized for any unpaid amounts due as of the reporting date. No liability is recognized for future benefit payments not yet due. For further information, see the Stewardship Information section on social insurance.

## L. Related Party Transactions

Federal Reserve Banks (FRBs), which are not part of the reporting entity, serve as the Government’s depository and fiscal agent. They process Federal payments and deposits to Treasury’s account and service Federal debt securities. FRBs owned \$477.9 billion of Federal debt securities held by the public as of September 30, 1998. FRB earnings that exceed statutory amounts of surplus

established for Federal banks are paid to the Government and are recognized as non-exchange revenue. Those earnings totaled \$24.6 billion for the year ended September 30, 1998. The primary source of these earnings is from interest earned on Federal debt securities held by FRBs.

FRBs issue Federal Reserve notes, the circulating currency of the United States. These notes are collateralized by specific assets owned by FRBs, typically Government securities. Federal Reserve notes are backed by the full faith and credit of the U.S. Government.

The Government does not guarantee payment of the liabilities of Government-sponsored enterprises such as the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation. These enterprises also are excluded from the reporting entity.

## Note 2. Cash and Other Monetary Assets

### Cash

“Cash,” in the amount of \$42.2 billion, consists of:

- Treasury balances held at the FRBs, net of outstanding checks.
- Treasury balances in special depositories that hold the proceeds of certain tax payments known as the U. S. Treasury Tax and Loan Note accounts.
- Funds held outside of Treasury and the FRBs by authorized fiscal officers or agents.
- Monies held by Government collection and disbursing officers, agencies’ undeposited collections, unconfirmed deposits, and cash transfers.
- Time deposits at financial institutions.

The Government maintains formal arrangements with numerous banks to maintain time deposits known as “compensating balances.” These balances compensate the banks for services provided to the Government, such as maintaining zero-balance accounts for the collection of public monies.

### Gold

“Gold” is valued at the statutory price of \$42.2222 per fine troy ounce. As of September 30, 1998, the number of fine troy ounces was 260,928,196. The market value of gold on the London Fixing as of the reporting date was \$293.85 per fine troy ounce. Gold was pledged as collateral for gold certificates issued to the FRBs totaling \$11.0 billion. See Note 13—Other Liabilities.

Cash and Other Monetary Assets as of September 30	
(In billions of dollars)	
Cash	42.2
Gold	11.0
Domestic monetary assets	1.2
International monetary assets	42.4
Total cash and other monetary assets	96.8

### Domestic Monetary Assets

“Domestic monetary assets” consist of liquid assets, other than cash, that are based on the U.S. dollar including coins, silver bullion and other coinage metals. These items totaled \$1.2 billion.

### International Monetary Assets

Assets valued on a basis other than the U.S. dollar comprise “International monetary assets.”

The U.S. reserve position in the International Monetary Fund (IMF) represents an investment in the IMF. The IMF provides financial assistance to about 180 countries including the United States. It seeks to promote currency exchange stability. Only a portion of the required payment to the IMF was paid in cash, with the remainder treated as a subscription. The recorded balance is shown net of the subscription portion, which represents a letter of credit payable to the IMF. As of September 30, 1998, the remaining available balance under the letter of credit totaled \$14.9 billion.

The U.S. reserve position in the IMF has a U.S. dollar equivalent of \$21.2 billion as of that date.

Special drawing rights (SDRs) are interest-bearing assets obtained through either IMF allocations, transactions with IMF member countries, or interest earnings on SDR holdings. Treasury’s Exchange Stabilization Fund held SDRs totaling \$10.1 billion at the end of fiscal 1998. Those holdings are similar to an investment in the IMF.

At September 30, 1998, “Other liabilities” included a \$6.7 billion interest-bearing liability to the IMF. This liability consisted of SDRs obtained through IMF allocations.

The SDR Act of 1968 authorized the Secretary of the Treasury to issue SDR certificates to Federal Reserve Banks (FRBs) in exchange for cash. The value of these certificates cannot exceed the value of the SDR holdings. The Secretary of the Treasury determines when the SDR certificates can be redeemed by the FRBs. The liability for such redemptions, which totaled \$9.2 billion at the end of the fiscal year, is included in Note 13—Other Liabilities.

International monetary assets also include foreign currency and other monetary assets denominated in foreign currency. These assets have a U.S. dollar equivalent of \$42.4 billion.

## Note 3. Loan Programs

The Federal Government uses two methods, direct loans and loan guarantee programs, to accomplish the same goals. These goals are to promote the nation's welfare by making direct loans and guaranteed loans to segments of the population not adequately served by non-Federal institutions. For those unable to afford credit at the market rate, Federal credit programs provide subsidies in the form of direct loans offered at an

interest rate lower than the market rate. For those to whom non-Federal financial institutions will be reluctant to grant credit because of the high risk involved, Federal credit programs guarantee the payment of these non-Federal loans and absorb the cost of defaults.

The total estimated cost represents the allowance for loss and subsidy cost for direct loans and the loan guarantee liability for guaranteed loans.

Rural electrification and telecommunications loans are for the construction and operation of generating plants, electric transmissions, and distribution lines or systems. These loans carry an average maturity of greater than 20 years and are usually secured.

The major programs funded through the Rural Housing Insurance Fund program account are:

- Very low and low-to-moderate income home ownership loans and guarantees.
- Very low-income housing repair loans.

### Federal Loan Programs as of September 30

(In billions of dollars)

Loan Program	Face Value of Loans Outstanding	Total Estimated Cost to the Federal Government	Net Loans Receivable (Includes related Interest)	Amount Guaranteed by the Federal Government	Percent of Face Value of Loans Guaranteed by the Federal Government
<b>Direct Loans:</b>					
Rural development . . . . .	70.1	15.1	55.0		
Student loan programs . . . . .	54.3	11.7	42.6		
Commodity Credit Corporation . . . . .	18.0	11.1	6.9		
Agency for International Development . . . . .	12.3	5.7	6.6		
Housing programs . . . . .	11.9	0.5	11.4		
Farm Service Agency . . . . .	9.7	0.8	8.9		
Export-Import Bank . . . . .	9.3	3.0	6.3		
Small business loans . . . . .	9.2	1.8	7.4		
All other direct loan programs . . . . .	26.6	4.9	21.7		
<b>Total loans receivable (see Balance Sheet)</b> . . . . .			<b>166.8</b>		
<b>Guaranteed Loans:</b>					
FHA . . . . .	519.5	9.4		476.6	91.8
VA housing credits . . . . .	203.5	4.7		70.0	34.4
Guaranteed student loans . . . . .	112.5	11.6		110.3	98.0
Small Business Administration . . . . .	37.5	1.5		30.6	81.6
Commodity Credit Corporation . . . . .	22.8	6.1		22.8	100.0
All other guaranteed loan programs . . . . .	39.7	4.4		34.0	85.6
<b>Total loan guarantee liabilities (see Balance Sheet)</b> . . . . .		<b>37.7</b>			
Total for all loan programs . . . . .	1,156.9	92.3			

- Domestic farm labor housing loans.
- Housing site loans.
- Credit sales of acquired property.

Loan programs are limited to rural areas that include towns, villages and other places that are not part of an urban area. The majority of these loans mature in excess of 25 years and are secured by the property of the borrower.

The Direct Student Loan program, established in 1994, offers four types of education loans: Stafford, Unsubsidized Stafford, PLUS for parents and consolidation loans. Evidence of financial need is required for a student to receive a subsidized Stafford loan. The other three loan programs are available to borrowers at all income levels. These loans usually mature 9 to 13 years after the student is no longer enrolled. They are unsecured.

The Agency for International Development provides economic assistance to selected countries in support of U.S. efforts to promote stability and security interests in strategic regions of the world.

The Export-Import Bank aids in financing and promoting U.S. exports. To accomplish its objectives, the bank's authority and resources are used to:

- Assume commercial and political risk that exporters or private institutions are unwilling or are unable to undertake.
  - Overcome maturity and other limitations in private sector financing.
  - Assist U.S. exports to meet foreign officially sponsored export credit competition.
  - Provide leadership and guidance in export financing to the U.S. exporting and banking communities and to foreign borrowers.
- Repayment terms for these loans are usually 1 to 7 years.

The Federal Housing Administration (FHA) provides mortgage insurance encouraging lenders to make credit available to expand homeownership. FHA predominately serves borrowers that the conventional market does not adequately serve such as first-time homebuyers,

minorities, lower-income families and residents of underserved areas.

The Federal Family Education Loan program, formerly known as the Guaranteed Student Loan program, was established in 1965. Like the Direct Student Loan program, it offers four types of loans: Stafford, Unsubsidized Stafford, PLUS for parents and consolidation loans.

Veteran housing benefits provide partial guarantee of residential mortgage loans issued to eligible veterans and servicemen by private lenders. This guarantee allows veterans and servicemen to purchase a home without a substantial down payment.

Other loan guarantees include: Small Business Administration loans to minority businesses; and the Farm Service Agency for farm ownership, emergency and disaster loans.

The subsidy expense is the estimated cost of current-year loan disbursements and loans guaranteed.

The subsidy expense incurred in fiscal 1998 totaled \$1.0 billion.

## Note 4. Taxes Receivable

### Taxes Receivable as of September 30

(In billions of dollars)

Gross taxes receivable . . . . .	82.9
Allowance for doubtful accounts. . . . .	55.8
Taxes receivable, net as of September 30, 1998 . . . . .	27.1

## Note 5. Inventories and Related Property

"Inventories and related properties" consist of the categories listed below, net of allowance for obsolete and unserviceable inventory, as of September 30, 1998.

"Operating materials and supplies" are comprised of tangible personal property purchased for use in normal operations.

"Materials and supplies held for future use" includes tangible personal property not readily available in the market or held because there is more than a remote chance that they will eventually be needed.

"Inventory held for sale" is tangible personal property held for sale, net of allowances.

"Seized monetary instruments" comprise only monetary instruments. These monetary instruments are awaiting judgment to determine ownership. The related liability is included in "Other liabilities." Other property seized by the Government, such as real property and tangible personal property, is not included as a Government asset. It is accounted for

in agency property-management records until the property is forfeited, returned or otherwise liquidated.

“Forfeited property” is comprised of monetary instruments, intangible property, real property and tangible personal property acquired through forfeiture proceedings; property ac-

quired by the Government to satisfy a tax liability; and unclaimed and abandoned merchandise.

“Stockpile materials” are strategic and critical materials held for use in national defense, conservation or national emergencies due to statutory requirements.

“Commodities” are items of commerce or trade that have an exchange value used to stabilize or support market prices.

“Other related property” includes all other related property not included above (for example, property ac-

### Inventories and Related Property as of September 30

(In billions of dollars)	Defense	All Others	Total
Inventory held for sale . . . . .	69.4	0.5	69.9
Stockpile materials . . . . .	4.3	37.7	42.0
Operating materials and supplies . . . . .	31.1	2.6	33.7
Materials and supplies held for future use . . . . .	20.3	0.1	20.4
Commodities . . . . .	-	0.3	0.3
Seized monetary instruments . . . . .	-	0.2	0.2
Forfeited property . . . . .	-	0.2	0.2
Other related property . . . . .	0.1	-	0.1
Total inventories and related property . . . . .	125.2	41.6	166.8

## Note 6. Property, Plant and Equipment

“Property, plant and equipment” consist of tangible assets including land, buildings, structures and other assets used to provide goods and services. Certain types of tangible assets, collectively referred to as “Stewardship assets,” are not reported as property, plant and equipment or else-

where on the Balance Sheet. This is based on accounting standards that became effective for fiscal 1998. “Stewardship assets” include “National defense assets,” “Heritage assets” and “Stewardship land.” These assets are presented in the Stewardship Information section. Accord-

ingly, these financial statements reflect a prior period adjustment of \$655.5 billion to remove the stewardship assets previously capitalized on the Balance Sheet. (See Note 14—Prior Period Adjustments.)

### Property, Plant and Equipment as of September 30

(In billions of dollars)	Cost	Accumulated Depreciation/Amortization	Net
Buildings, structures and facilities . . . . .	269.3	129.5	139.8
Furniture, fixtures and equipment . . . . .	159.6	73.9	85.7
Construction in progress . . . . .	51.5	-	51.5
Land and land improvements . . . . .	18.3	1.3	17.0
Automated data processing software . . . . .	2.8	1.6	1.2
Assets under capital lease . . . . .	2.3	0.4	1.9
Leasehold improvements . . . . .	1.9	0.7	1.2
Other property, plant and equipment . . . . .	1.0	-	1.0
Total property, plant and equipment . . . . .	506.7	207.4	299.3

## Note 7. Other Assets

“Other assets” consist of advances and prepayments, securities and investments, and other assets of the Government not otherwise classified. Securities are shown at cost, net of unamortized premiums and discounts.

### Other Assets as of September 30

(In billions of dollars)

Advances and prepayments . . . . .	13.2
Securities and investments . . . . .	19.1
Other . . . . .	27.6
Total other assets . . . . .	<u>59.9</u>

## Note 8. Accounts Payable

“Interest on Treasury securities held by the public” is the amount of interest accrued on Federal debt securities held by the public (see Note 9) and not paid as of September 30, 1998. Other accounts payable are for goods and other property ordered and received, and for services rendered by other than employees.

### Accounts Payable as of September 30

(In billions of dollars)

<b>Agency:</b>	
Interest on Treasury securities held by the public . . . . .	45.5
DOD . . . . .	13.7
U.S. Postal Service . . . . .	4.1
Agriculture . . . . .	3.2
VA . . . . .	3.0
NASA . . . . .	2.9
OPM . . . . .	2.9
HHS . . . . .	0.4
All other departments . . . . .	14.3
Total accounts payable . . . . .	<u>90.0</u>

## Note 9. Federal Debt Securities Held by the Public

### Definitions of Debt

- **Gross Federal Debt** - All Government debt, whether issued by Treasury (Treasury securities) or by other agencies (agency securities). “Gross Federal debt” is either held by the public or by Government entities.
- **Debt Held by the Public** - Federal debt held outside the Government by individuals, corporations, State or local governments, the Federal Reserve System, foreign governments, and central banks.
- **Intragovernmental holdings** - Federal debt held by Government trust funds, revolving funds and special funds.

“Federal debt held by the public” totaled \$3,717.7 billion at the end of fiscal 1998. The table on Federal Debt Securities Held by the Public reflects information on borrowing to finance Government operations. Debt is shown at face value, with unamortized premiums added and unamortized discounts subtracted.

“Intragovernmental holdings” represent that portion of the gross Federal debt held as investments by Government entities, including major trust funds. For more information on trust funds, see Note 17—Dedicated Collections. Intragovernmental holdings were eliminated in consolidation.

Securities that represent debt held by the public are primarily issued by Treasury and include:

- Interest-bearing marketable securities (bills, notes and bonds).
- Interest-bearing nonmarketable securities (Foreign government series, State and local government series, domestic series and savings bonds).

- Non-interest bearing debt (matured and other debt).

As of September 30, 1998, \$5,439 billion of Federal debt was subject to a statutory limit (31 United States Code 3101). That limit was \$5,950 billion. The debt subject to the limit includes:

- Debt held by the public and intragovernmental holdings, less

most agency securities, Federal Financing Bank debt, miscellaneous debt and unrealized discount on Government account series securities.

- Unamortized net discounts on public issues of Treasury notes and bonds (other than zero-coupon bonds).

### Federal Debt Securities Held by the Public as of September 30

(In billions of dollars)	Beginning Balance Oct. 1, 1997	Net Change During Fiscal 1998	Ending Balance Sept. 30, 1998	Average Interest Rate Dur- ing Fiscal 1998
<b>Treasury Securities:</b>				
Marketable securities . . . . .	3,439.8	(108.8)	3,331.0	6.556%
Non-marketable securities . . . . .	1,967.7	220.0	2,187.7	6.903%
Non-interest bearing debt . . . . .	5.6	1.9	7.5	
Total Treasury securities . . . . .	5,413.1	113.1	5,526.2	
Plus: Unamortized premium on Treasury securities . . . . .	20.2	(3.3)	16.9	
Less: Unamortized discount on Treasury securities . . . . .	78.2	0.7	78.9	
Total Treasury securities, net of unamortized premiums and discounts . . . . .	5,355.1	109.1	5,464.2	
<b>Agency Securities:</b>				
Tennessee Valley Authority . . . . .	27.4	(0.7)	26.7	
All other agencies . . . . .	5.8	(3.1)	2.7	
Less: Unamortized net discounts . . . . .	0.5	(0.1)	0.4	
Total agency securities, net of unamortized premiums and discounts . . . . .	32.7	(3.7)	29.0	
Total Federal debt . . . . .	5,387.8	105.4	5,493.2	
Less: Intragovernmental holdings, net of unamortized premiums and discounts . . . . .	1,619.6	155.9	1,775.5	
Total Federal debt securities held by the public . . . . .	3,768.2	(50.5)	3,717.7	

#### Types of marketable securities:

Bills—Short-term obligations issued with a term of 1 year or less.

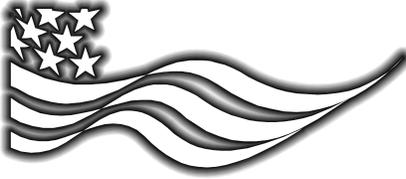
Notes—Medium-term obligations issued with a term of at least 1 year, but not more than 10 years.

Bonds—Long-term obligations of more than 10 years.

**Intragovernmental Holdings:  
Federal Debt Securities Held as Investments by Government Accounts  
as of September 30**

(In billions of dollars)	Beginning Balance Oct. 1, 1997	Net Change During Fiscal 1998	Ending Balance Sept. 30, 1998
<b>Holdings Greater than or Equal to \$100 Billion:</b>			
SSA, Old-Age and Survivors Insurance . . . . .	567.5	85.8	653.3
OPM, civil service retirement and disability . . . . .	422.1	29.2	451.3
DOD, military retirement . . . . .	126.0	7.8	133.8
HHS, Hospital Insurance Fund . . . . .	116.6	1.7	118.3
Subtotal . . . . .	1,232.2	124.5	1,356.7
<b>Holdings Less than \$100 Billion and Greater than \$15 Billion:</b>			
SSA, disability insurance . . . . .	63.6	13.4	77.0
Labor, unemployment . . . . .	61.9	8.7	70.6
HHS, supplementary medical insurance . . . . .	34.5	5.0	39.5
FDIC funds . . . . .	37.4	1.7	39.1
Railroad Retirement Board . . . . .	19.2	2.6	21.8
OPM, Employees Life Insurance . . . . .	18.0	1.4	19.4
Transportation, Highway Trust Fund . . . . .	22.3	(4.4)	17.9
Treasury, Exchange Stabilization Fund . . . . .	15.5	0.5	16.0
Subtotal . . . . .	272.4	28.9	301.3
Other programs and funds . . . . .	102.8	10.0	112.8
Subtotal . . . . .	1,607.4	163.4	1,770.8
Plus: Unamortized net premiums . . . . .	12.2	(7.5)	4.7
Total intragovernmental holdings . . . . .	1,619.6	155.9	1,775.5

## Note 10. Federal Employee and Veteran Benefits Payable



The Government offers its employees, both civilian and military, retirement benefits, life and health insurance, and other benefits.

The Federal Government administers more than 40 pension plans. The largest are administered by the Office of Personnel Management (OPM), for civilian employees, and by DOD, for military personnel. The Government has both defined benefit and defined contribution pension plans. The largest are defined benefit plans.

### Federal Employee and Veteran Benefits Payable as of September 30

(In billions of dollars)	Civilian	Military	Total
Pension liability . . . . .	996.4	650.5	1,646.9
Health benefits payable . . . . .	181.8	223.4	405.2
Veterans compensation and burial benefits . . . . .	-	578.1	578.1
Liability for other benefits . . . . .	34.1	20.8	54.9
Total Federal employee and veteran benefits payable . . . . .	1,212.3	1,472.8	2,685.1

### Change in Actuarial Accrued Pension Liability and Components of Related Expense

(In billions of dollars)	Civilian <sup>1</sup>	Military	Total
Actuarial accrued pension liability, as of September 30, 1997 . . . . .	965.0	641.7	1,606.7
Pension Expense:			
Normal costs . . . . .	23.7	16.6	40.3
Interest on liability . . . . .	65.9	41.0	106.9
Actuarial (gains)/losses . . . . .	(20.8)	(17.6)	(38.4)
Total pension expense . . . . .	68.8	40.0	108.8
Benefits paid . . . . .	(43.5)	(31.2)	(74.7)
Actuarial accrued pension liability, as of September 30, 1998 . . . . .	990.3	650.5	1,640.8

<sup>1</sup> Does not include U.S. Tax Court, judicial branch, or the DC government.

### Significant Assumptions Used in Determining Pension Liability and the Related Expense

(In percentages)	Civilian	Military
Rate of interest . . . . .	7.0%	6.5%
Rate of inflation . . . . .	4.0%	2.1%
Projected salary increases . . . . .	4.3%	2.8%

### Change in Actuarial Accrued Post-Retirement Health Benefits Liability and Components of Related Expenses

(In billions of dollars)	Civilian	Military	Total
Actuarial accrued post-retirement health benefits, as of September 30, 1997 . . . . .	164.3	218.0	382.3
Post-Retirement Health Benefits Expense:			
Normal costs . . . . .	6.1	6.0	12.1
Interest on liability . . . . .	11.9	14.7	26.6
Actuarial (gains)/losses . . . . .	6.0	(8.5)	(2.5)
Total post-retirement health benefits expense . . . . .	24.0	12.2	36.2
Claims paid . . . . .	(6.5)	(6.8)	(13.3)
Actuarial accrued post-retirement health benefits liability, as of September 30, 1998 . . . . .	181.8	223.4	405.2

### Significant Assumptions Used in Determining Post-Retirement Health Benefits Liability and the Related Expense

(In percentages)	Civilian	Military
Rate of interest . . . . .	7.0%	6.5%
Rate of health care inflation . . . . .	7.0%	2.5% - 8.0%

## Civilian Employees

### Pensions

The largest civilian pension plan is administered by OPM and covers approximately 90 percent of all Federal civilian employees. It includes two components of defined benefits: the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). The basic benefit components of the CSRS and the FERS are financed and operated through the Civil Service Retirement and Disability Fund (CSRDF). CSRDF monies are generated primarily from employees, agency contributions, payments from the general fund

and interest on investments in Federal debt securities. For further discussion, see Note 17—Dedicated Collections, Civil Service Retirement and Disability Fund.

The Federal Retirement Thrift Investment Board, an independent Government agency, operates the Thrift Savings Plan. Federal employees and retirees covered by CSRS and FERS own the fund's assets. For this reason, the fund is excluded from the Financial Report and the fund's holdings of Federal debt are considered part of the Federal debt held by the public, rather than Federal debt held by the Government. FERS employees may contribute up to 10 percent of base pay to the plan, which the Government matches up to 5 percent. CSRS employees may contribute up to 5 percent of base pay with no Government match.

The Thrift Savings Plan held \$26.5 billion of nonmarketable Treasury securities as of September 30, 1998 and is included in "Total Federal debt securities held by the public" in the Balance Sheet.

### Health Benefits

Civilian retirees pay the same insurance premiums as active employees under the Federal Employee Health Benefits Program (FEHBP). These premiums cover only a portion of the costs.

### Other Benefits

Employee and annuitant contributions, and interest on investments fund a portion of the Federal Employees Group Life Insurance program. This insurance program finances payments to private insurance companies for Federal employees' group life insurance. It is administered by OPM.

## Military Employees (Including Veterans)

### Pensions

The DOD Military Retirement Trust Fund accumulates funds to finance liabilities of the Department under military retirement and survivor benefit programs. The Fund provides retirement benefits for military personnel and their survivors.

The military retirement system applies to the Army, Navy, Marine Corps and Air Force. The system is a funded, noncontributory, defined benefit plan. It includes non-disability retirement pay, disability retirement pay, retirement pay for reserve service and survivor annuity programs.

### Health Benefits

Military retirees and their dependents are entitled to health care in military medical facilities if the facility can provide the needed care. Until they reach age 65, military retirees and their dependents also are entitled to health care financed by TRICARE (formerly CHAMPUS). No premium is charged for TRICARE financed care, but there are deductible and copayment requirements. After they reach 65

years of age, military retirees are entitled to Medicare.

Military retiree health care includes the cost of buildings, equipment, education and training, staffing, operations, and maintenance of military medical treatment facilities. They also consist of claims paid by TRICARE and the cost of administering the program.

### Compensation and Burial Benefits

Veterans compensation is payable as a disability benefit or a survivor's benefit. Entitlement to compensation depends on: the veteran's disabilities incurred in, or aggravated during, active military service; death while on duty; or death resulting from service-connected disabilities, if not in active duty.

Burial benefits include a burial and plot, or interment allowance payable for a veteran, who at the time of death, was entitled to receive compensation or a pension, or whose death occurred in a VA facility.

The liability for veterans compensation and burial benefits payable increased in fiscal 1998 by \$381 billion. The primary factors

contributing to this increase were changes in the actuarial methodology and the interest rate assumptions.

Due to these changes, the Statement of Net Cost line item titled "Veterans benefits and services" increased by \$109.4 billion.

### Other Benefits

Veterans insurance includes the following programs: United States Government Life Insurance, National Service Life Insurance, Veterans Insurance and Indemnities, Veterans Special Life Insurance, Veterans Reopened Insurance, Service Disabled Veterans Insurance, and Servicemen's Group Life Insurance.

The National Service Life Insurance was established in 1940 for World War II servicemen and veterans. It remained open until 1951. Of the original 22 million policies issued, approximately 1.9 million remain. This program limits coverage to \$10,000.

Veterans Special Life Insurance was established in 1951 for servicemen who served in the Korean War and in the post-Korean period through 1957. Approximately 800,000 policies were issued, of which 240,000 remain.

### Veterans Compensation and Burial Benefits Payable as of September 30

(In billions of dollars)

Veterans . . . . .	462.3
Survivors . . . . .	112.1
Burial benefits . . . . .	3.7
Total compensation and burial benefits payable . . . . .	578.1

## Note 11. Environmental Liabilities

During World War II and the Cold War, the United States developed a massive industrial complex to research, produce and test nuclear weapons. The nuclear weapons complex included nuclear reactors, chemical processing buildings, metal machining plants, laboratories and maintenance facilities. The costs associated with removing, containing and/or disposing of hazardous waste from the properties comprise the resulting environmental liabilities. "Environmental liabilities," in this report, apply only to required cleanup costs from Federal operations known to result in hazardous waste resulting from approved Federal, State, or local statutes and/or regulations.

Energy incurred operating and capital expenditures totaling \$6.3 billion in fiscal 1998 to remediate legacy waste. This includes nuclear materials and facilities stabilization as well as waste treatment, storage and disposal activities at each installation.

"Environmental management and legacy wastes" include costs for environmental restoration, nuclear material and facility stabilization, and waste treatment, storage and disposal activities at each installation. They also include costs for related activities such as landlord responsibilities, program management, and legally prescribed grants for participation and oversight by Native American tribes

### Environmental Liabilities as of September 30

(In billions of dollars)

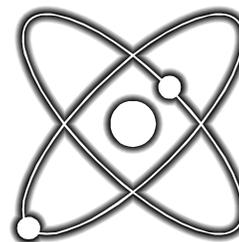
Energy:		
Environmental management and legacy waste . . . . .	145.1	
Active facilities . . . . .	19.6	
High-level waste and spent nuclear fuel . . . . .	10.7	
Pipeline facilities . . . . .	7.8	
Other . . . . .	3.2	
Total Energy . . . . .		186.4
DOD . . . . .		34.0
All other agencies . . . . .		4.1
Total environmental liabilities . . . . .		<u>224.5</u>

and regulatory agencies. "Active facilities" represent anticipated remediation costs for those facilities conducting ongoing operations that ultimately will require stabilization, deactivation and decommissioning.

DOD is responsible for cleaning up and disposing of hazardous materials in facilities it operates or has operated. The Department has recorded a \$34.0 billion liability for these costs. DOD has not currently recorded any liability for national defense assets (primarily weapon systems like aircraft, ships and submarines) and ammunitions (primarily hazardous materials).

Projects with no current feasibility remediation approach are excluded from the estimate. Significant projects not included are:

- Nuclear explosion test areas (for example, Nevada test sites).
- Large surface water bodies (for example, the Clinch and Columbia rivers).
- Most ground water (even with treatment, future use will be restricted).
- Some special nuclear material (for example, uranium hexafluoride).



## Note 12. Benefits Due and Payable

These amounts are the benefits owed to program recipients or medical service providers as of the fiscal year end that have not yet been paid. For a description of the programs, see the Stewardship Responsibilities section of Stewardship Information.

### Benefits Due and Payable as of September 30

(In billions of dollars)

Federal Old-Age and Survivors Insurance . . . . .	28.9
Federal Hospital Insurance (Medicare Part A) . . . . .	17.8
Federal Supplemental Medical Insurance (Medicare Part B) . . . . .	11.0
Grants to States for Medicaid . . . . .	10.8
Federal Disability Insurance . . . . .	6.7
Supplemental security income . . . . .	0.9
Railroad retirement . . . . .	0.7
Unemployment insurance . . . . .	0.5
Black lung . . . . .	0.1
Other benefits . . . . .	0.2
Total benefits due and payable . . . . .	<u>77.6</u>

## Note 13. Other Liabilities

“Insurance liabilities” include bank deposit insurance, guarantees of pension benefits, life insurance and medical insurance against damage to property (home, crops and airplanes) caused by perils such as flooding and other natural disasters, risk of war, and insolvency. “Deferred revenue” refers to revenue received but not yet earned. “Exchange Stabilization Fund” includes Special Drawing Right certificates issued to the FRBs and allocations from the International Monetary Fund. “Other debt” includes Government obligations, whether secured or unsecured, not included in public debt. “Accrued

### Other Liabilities as of September 30

(In billions of dollars)

Insurance programs . . . . .	23.8
Deferred revenue . . . . .	19.7
Exchange Stabilization Fund . . . . .	15.9
Other debt . . . . .	11.7
Accrued wages and benefits . . . . .	11.1
Gold certificates . . . . .	11.0
Advances from others . . . . .	1.7
Other miscellaneous liabilities . . . . .	59.7
<b>Total other liabilities . . . . .</b>	<b>154.6</b>

wages and benefits” consist of the estimated liability for civilian and commissioned officers’ salaries and wages earned but unpaid. It also includes funded annual leave and other employee benefits that have been earned but are unpaid. “Gold certificates” are monetarized portion of

gold and the certificates are deposited in the Federal Reserve Bank. Amounts received for goods and services to be furnished comprise “Advances from others.” “Other miscellaneous liabilities” consist of deposit funds and suspense accounts.

## Note 14. Prior Period Adjustments

“Prior period adjustments” consist of all adjustments to the opening net position. They correct errors in a prior period, or adjust figures that have changed due to the implementation of changes in accounting principles. If military service has resulted in any veterans’ disability or death, VA provides compensation payments to the veterans and their dependents. Changes in actuarial methodologies and interest assumptions resulted in an increase in the VA liability of \$271.3 billion.

In addition, DOD has adjusted its accumulated depreciation in fiscal 1997, by \$32.2 billion. Defense assets (war reserves such as missiles, aircraft and vehicles) had to be corrected by \$35.9 billion to reflect the proper amount. Overstated DOD inventories required an adjustment of \$0.8 billion.

Transportation changed the value of its property and adjusted “Accumulated depreciation” by \$8.4 billion. Also, actuarial assumptions for pensions and health benefits accounted

### Prior Period Adjustments to the Fiscal Year Beginning October 1, 1997

(In billions of dollars)

	Increases to Net Position	Decreases to Net Position
<b>Changes in Accounting Principles:</b>		
National defense assets . . . . .		655.2
NASA . . . . .	17.1	23.2
All other agencies . . . . .		20.4
Total net changes in accounting principles . . . . .		681.7
<b>Other Adjustments:</b>		
VA pension . . . . .		271.3
DOD . . . . .		69.9
Transportation . . . . .		14.2
Railroad retirement liability . . . . .	11.4	
Liability for loan guarantees . . . . .	2.0	
Other corrections of errors . . . . .	2.2	
<b>Total net other adjustments . . . . .</b>		<b>339.8</b>

for a further Transportation adjustment of \$5.1 billion.

Railroad retirement adjusted its prior year actuarial retirement liability of \$11.4 billion. To be consistent with this Financial Report, this liability was reclassified to stewardship responsibilities from the Balance Sheet.

National defense assets, as explained in the introduction to the Balance sheet, were moved to Stewardship Information. The total amount of \$655.2 billion represents a change in

accounting principles for the 1998 *Financial Report of the United States Government* and is included in prior period adjustments.

Not previously capitalized, “Assets in space” in the amount of \$17.1 billion were recorded and represent a change in accounting principles. NASA also adjusted accumulated depreciation by \$20.0 billion. Further, a change in the capitalization threshold resulted in a \$3.0 billion decrease in NASA’s fixed assets.

## Note 15. Commitments and Contingencies

### Commitments and Contingencies as of September 30

(In billions of dollars)

	Capital Leases	Operating Leases
<b>Commitments</b>		
<b>Long-term Leases:</b>		
General Services Administration . . . . .	1.0	14.8
U.S. Postal Service . . . . .	0.4	7.7
Other long-term leases . . . . .	0.9	3.1
Total long-term leases . . . . .	<u>2.3</u>	<u>25.6</u>
<b>Undelivered Orders:</b>		
HUD . . . . .	111.2	
DOD . . . . .	86.2	
HHS . . . . .	40.4	
Education . . . . .	36.9	
Agriculture . . . . .	15.6	
Transportation . . . . .	14.8	
EPA . . . . .	10.9	
Treasury . . . . .	6.9	
AID . . . . .	6.3	
Energy . . . . .	6.3	
Justice . . . . .	5.6	
Export-Import Bank . . . . .	5.0	
NSF . . . . .	3.4	
Other undelivered orders . . . . .	27.2	
Total undelivered orders . . . . .	<u>376.7</u>	
<b>Contingencies</b>		
<b>Insurance:</b>		
Pension Benefit Guaranty Corporation . . . . .	17.0	
Other insurance contingencies . . . . .	0.3	
Total insurance . . . . .	<u>17.3</u>	
<b>Government Loan and Credit Guarantees:</b>		
VA . . . . .	78.9	
Education . . . . .	110.3	
Other Government loan and credit guarantees . . . . .	0.3	
Total Government loan and credit guarantees . . . . .	<u>189.5</u>	
<b>Unadjudicated Claims:</b>		
DOD . . . . .	0.7	
Transportation . . . . .	0.5	
Treasury . . . . .	0.2	
Other unadjudicated claims . . . . .	0.8	
Total unadjudicated claims . . . . .	<u>2.2</u>	
<b>Other Contingencies:</b>		
Treasury . . . . .	56.3	
Agriculture . . . . .	7.5	
DOD . . . . .	5.7	
Transportation . . . . .	3.0	
NASA . . . . .	1.5	
Other contingencies . . . . .	2.2	
Total other contingencies . . . . .	<u>76.2</u>	
<b>Total contingencies</b> . . . . .	<u><b>285.2</b></u>	

The Government engages in contractual commitments requiring future financial obligations. Disclosure of some of these commitments is required in private sector accounting due to their nature or amounts. Adaptations of these disclosures for the Government's commitments are still evolving. The Government has significant amounts of long-term lease obligations, shown in the table on the previous page. "Undelivered orders" represent the value of goods and services ordered and obligated that have not yet been received.

A contingency is an existing condition or situation involving uncertainty

as to a possible loss. A loss is considered reasonably possible if the future confirming event or events are more than remote, but less than probable. These contingencies do not include existing conditions or situations where the future occurring event is only considered remote. Nor do they include contingencies that would result in a gain.

The Government also is subject to other contingencies, including litigation that arise in the normal course of operations. The ultimate disposition of these matters is unknown. Based on information currently available, however, it is management's opinion

that the expected outcome of these matters, individually or in the aggregate, will not have a material adverse effect on the financial statements. This is true for all contingencies except litigation described in the next paragraph.

Numerous cases are pending involving supervisory goodwill at savings and loan institutions, Medicare cost report settlements, harbor maintenance fees and certain other matters. While it is likely that the United States will have to pay some amount of damages on the claims, the ultimate costs cannot be reasonably estimated at this time.

### Financial Treatment of Loss Contingencies

<b>Probability of Loss</b>	Probable	Reasonably Possible, more than remote but less than probable	Remote, chance of occurrence slight
<b>Financial Treatment</b>	Balance Sheet	Note 15 – Commitments and Contingencies	No disclosure

## Note 16. Unreconciled Transactions Affecting the Change in Net Position

The reconciliation of the "Change in net position" requires that the difference between ending and beginning net position equals the excess of revenues over cost, plus or minus prior period adjustments. The unreconciled transactions needed to bring the change in net position into balance net to \$23.9 billion.

The three primary factors affecting this out-of-balance situation are:

- Misclassification of intragovernmental transactions by agencies.
- Changes in valuation of Balance Sheet assets and liabilities, which were not identified by

agencies as prior period adjustments.

- Timing differences and errors in the reporting of transactions.

The identification and reporting of these unreconciled transactions are a priority project of the financial community within the Government.

## Note 17. Dedicated Collections

The term "trust fund," as used in this report and in Federal budget accounting, is frequently misunderstood. In the private sector, "trust" refers to funds of one party held by a second party (the trustee) in a fiduciary capacity. In the Federal budget, the term "trust fund" means only that the law requires the funds be ac-

counted for separately, used only for specified purposes and designated as a "trust fund." A change in law may change the future receipts and the terms under which the fund's resources are spent.

"Trust fund assets" represent the unexpended balance from all sources of receipts and amounts due the trust fund, regardless of source. This includes related governmental transactions. These are transactions between two different entities within the Federal Government (for example, monies received by one entity of the Government from another entity of the Government).

"Intragovernmental assets" are comprised of investments in Federal

debt securities, related accrued interest and fund balance with Treasury. These amounts were eliminated in preparing this Financial Report.

"Net assets" represent only the amounts due from individuals and other entities outside the Government. This means that all related governmental transactions are removed to present the Government's position as a whole.

The majority of trust fund assets are invested in intragovernmental Federal debt securities. These securities require redemption if a fund's disbursements exceed its receipts. Redeeming these securities will increase the Government's financing needs and require increased borrow-

### Federal Disability Insurance Trust Fund

The Federal Disability Insurance Trust Fund provides assistance and protection against the loss of earnings due to a wage earner’s disability. The assistance is in the form of money payments or medical care. The Federal Disability Insurance Trust Fund is administered by SSA.

Like the Federal Old-Age and Survivors Insurance Trust Fund, payroll taxes primarily fund the Federal Disability Insurance Trust Fund. The Fund also receives income from interest earnings on Federal debt securities, Federal agencies’ payments for the Social Security benefits earned by military and Federal civilian employees, and a portion of income taxes paid on Social Security benefits.

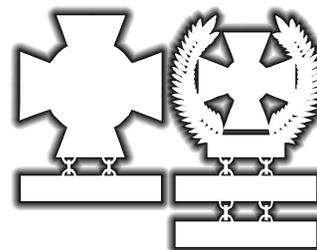
### Federal Supplementary Medical Insurance Trust Fund

The Federal Supplementary Medical Insurance Trust Fund finances the Supplemental Medical Insurance program (Medicare Part B), which provides supplementary medical insurance for enrolled participants to cover medical expenses not covered by Medicare Part A. The program is administered by HHS.

Appropriations, premiums charged to enrollees and interest earned on investments in Federal debt securities fund the Federal Supplementary Medical Insurance Trust Fund.

### Military Retirement Trust Fund

The Military Retirement Trust Fund provides retirement benefits for Army, Navy, Marine Corps, and Air Force personnel and their survivors. The fund is financed by DOD contributions, appropriations and interest earned on investments in Federal debt securities.



### Civil Service Retirement and Disability Fund

The Civil Service Retirement and Disability Fund covers two Federal civilian retirement systems: the Civil Service Retirement System (CSRS) for employees hired before 1984 and the Federal Employee Retirement System (FERS), for employees hired after 1983.

The CSRS is financed by Federal civilian employees’ contributions, agencies’ contributions on behalf of the employees, appropriations and interest earned on investments in Federal debt.

### Federal Old-Age and Survivors Insurance Trust Fund

This trust fund provides assistance and protection against the loss of earnings due to retirement or death. The assistance is in the form of money payments and/or medical care. The Federal

Old-Age and Survivors Insurance Trust Fund is administered by SSA.

Payroll taxes primarily fund the Federal Old-Age and Survivors Insurance Trust Fund. Earnings on Federal debt securities, Federal agencies’ payments for the Social Security benefits earned by military and civilian employees, and Treasury payments for a portion of income taxes paid on Social Security benefits provide the fund with additional income.

### Federal Hospital Insurance Trust Fund

The Federal Hospital Insurance Trust Fund finances the Hospital Insurance program (Medicare Part A). This program funds the cost of hospital and related care for individuals age 65 or older, who meet certain insured status requirements, and for eligible

disabled people. HHS administers the program.

The Federal Hospital Insurance Trust Fund is financed primarily by payroll taxes. It also receives income from interest earnings on Federal debt securities, Federal agencies’ pay-

ments for the Social Security benefits earned by military and Federal civilian employees, and a portion of income taxes paid on Social Security benefits.

## Hazardous Substance Superfund

The Hazardous Substance Superfund was authorized to address public health and environmental threats from spills of hazardous materials and from sites contaminated with hazardous substances. The Environmental Protection Agency (EPA) administers the fund.

Excise taxes collected on petroleum and chemicals, environmental taxes from all corporations with income in excess of \$2 million, and interest earned on investments in Federal debt securities finance the Hazardous Substance Superfund.

## Unemployment Trust Fund

The Unemployment Trust Fund protects workers who lose their jobs through no fault of their own. The unemployment insurance program is a unique Federal and State partnership based on Federal law, executed through State law by State officials. Labor administers the program.

Taxes on employers primarily fund the Unemployment Trust Fund. However, interest earned on investments in Federal debt securities also provides income to the fund. Appropriations have supplemented its income during periods of high and extended unemployment.

## Highway Trust Fund

The Highway Trust Fund was established to promote domestic interstate transportation, moving people and the transportation of goods. The fund provides Federal grants to States for highway construction and related transportation purposes. Transportation administers the Highway Trust Fund.

Earmarked taxes on gasoline and other fuel, certain tires, vehicle and truck use, and interest earned on investments in Federal debt securities provide all financing for the Highway Trust Fund.

## Airport and Airway Trust Fund

The Airport and Airway Trust Fund provides for airport improvement, maintenance of airport facilities and equipment, research and a portion of operations. Transportation administers the Airport and Airway Trust Fund.

Taxes received from transportation of persons and property in the air, fuel used in non-commercial aircraft, international departure taxes and interest earned on investments in Federal debt securities provide funding for the Airport and Airway Trust Fund.



### Dedicated Collections as of September 30\*

(In billions of dollars)

Fund Name	Receipts	Disbursements	Assets		
			Trust Fund Assets	Less Intragovernmental Assets	Consolidated Assets
Federal Old-Age and Survivors Insurance Trust Fund . . . . .	416.9	329.8	664.5	664.5	-
Federal Disability Insurance Trust Fund . . . . .	63.2	49.5	78.2	78.2	-
Medicare Part A . . . . .	138.2	136.6	120.5	120.5	-
Medicare Part B . . . . .	82.0	76.9	40.1	40.1	-
Unemployment Trust Fund . . . . .	32.5	23.5	72.1	72.1	-
Hazardous Substance Superfund . . . . .	0.9	1.5	5.1	5.1	-
Highway Trust Fund . . . . .	28.3	32.7	26.1	26.1	-
Airport and Airway Trust Fund . . . . .	8.7	5.9	9.3	9.3	-
Civil Service Retirement and Disability Fund . . . . .	50.8	59.0	460.0	459.7	0.3
Military Retirement Trust Fund . . . . .	37.8	33.8	149.9	149.9	-

\* By law, certain expenses (costs) related to the administration of the above funds are not charged to the funds and are financed by other sources.

# Note 18. Indian Trust Funds



The Indian Trust Funds differ from other dedicated collections reported in Note 17.

The Department of the Interior (Interior) has responsibility for the assets held in trust on behalf of American Indian Tribes and individuals. Trust funds are held in accounts for approximately 315 tribes, 317,000 individual Indian accounts and other

funds, including the Alaska Native Escrow Fund. The assets held in trust for Native Americans are owned by the trust beneficiaries and are not Federal assets. Therefore, these amounts are not reflected in the Balance Sheet or Statement of Net Cost.

Indian Trust Fund balances presented below do not include trust land managed by the Government.

**U.S. Government as Trustee for Indian Trust Funds  
Held for Indian Tribes and Other Special Trust Funds  
Statement of Changes in Trust Fund Balances as of September 30  
(Unaudited)**

(In millions of dollars)

Receipts . . . . .	521.7
Disbursements . . . . .	(465.4)
Receipts in excess of disbursements . . . . .	56.3
Trust fund balances, beginning of year . . . . .	2,403.7
Trust fund balances, end of year . . . . .	2,460.0

**U.S. Government as Trustee for Indian Trust Funds  
Held for Individual Indian Monies Trust Funds  
Statement of Changes in Trust Fund Balances as of September 30  
(Unaudited)**

(In millions of dollars)

Receipts . . . . .	313.6
Disbursements . . . . .	(354.1)
Disbursements in excess of receipts . . . . .	(40.5)
Trust fund balances, beginning of year . . . . .	519.7
Trust fund balances, end of year . . . . .	479.2

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